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# HAWAII COUNTY'S FINANCES SHOW ROTTENNESS IN STARTLING REPORT OF H. GOODING FIELD'S PROBE

Rufus A. Lyman, Jr., Secretary of Liquor License Commission Found with Shortage of Thousands, According to a Statement by Expert Accountant

## COLLECTS MONEYS BUT FAILS TO TURN OVER

Board of Trade Shocked at the  
Revelations Made in Sat-  
urday Session

\*\*\*\*\*  
Hundreds and perhaps thou-  
sands of dollars of public money  
that should be in the public  
treasury of the County of Ha-  
waii have been diverted to pri-  
vate use through the manipula-  
tion of R. A. Lyman, deputy  
county clerk and secretary of the  
Hawaii Board of Liquor License  
Commissioners. This discovery  
was made by Expert H. Gooding  
Field and was brought to the at-  
tention of the Hilo Board of  
Trade, "like a bolt from the  
blue" at the meeting held in  
Hilo Saturday afternoon.  
The Board of Trade postponed  
action on the report until Tues-  
day afternoon. The Deputy  
County Attorney of Hawaii  
says that he supposes Lyman  
will have to be arrested.  
\*\*\*\*\*

H. Gooding Field, the expert on  
municipal affairs, gave the Hilo  
Board of Trade a genuine surprise  
and sensation on Saturday afternoon  
when he presented his final report  
on the status of the administration  
of the County of Hawaii.

Rufus A. Lyman, deputy county  
clerk, who is also secretary to the  
Hawaii Liquor License Commissioner  
and generally rated as being the  
head and front of the "County Ring,"  
is charged with receiving money  
from those granted licenses by the  
Board of License Commissioners, and  
presumably using these funds for his  
own purposes.

The details of how the discrepancy  
was discovered are told in the sup-  
plementary report of Mr. Field, which  
is published in full. License Com-  
missioner Horner stated a few hours  
after the meeting that the funds for  
which Lyman has not given a proper  
accounting appear to total in the  
neighborhood of \$6,300.

Now the question comes whether  
Mr. Field has struck a lead that will  
carry the authorities to other sensa-  
tions as well as throw more light on  
where the taxpayers' money has been  
going in the County of Hawaii.

During the meeting of the Board of  
Trade, Deputy County Attorney Heen  
made a few remarks indicating that  
there was some excuse for Mr. Ly-  
man's shortcomings, but after the  
meeting he said to a Star-Bulletin  
man: "I suppose we shall have to  
have him arrested."

Field's supplementary report came  
as a bolt from a clear sky and thor-  
oughly waked up an assembly of  
business men who were almost  
asleep from listening to the reading  
of a long though interesting report,  
on a hot Saturday afternoon.

There has been a growing feeling  
in Hilo that the work by Mr. Field  
did not amount to much. One busi-  
ness man said on the way to the  
meeting that it "looked like a waste  
of one thousand dollars to employ  
Field anyway." This man, with quite  
a number of others, was almost  
asleep when, after an hour and a  
half of listening to the main report  
of Mr. Field, D. E. Metzger, the  
presiding officer, asked those assem-  
bled if they wished to hear Mr. Field's  
supplementary report. It was decided  
that they "guessed they might as  
well," and the next fifteen minutes of  
information made the whole outfit  
sit up and take notice.

Among those especially interested  
were Messrs. Moir and Horner, of  
the Liquor License Commission, and  
Territorial Auditor Fisher, who were  
present. It seems that previous to  
the license fees being turned over to  
county control Auditor Fisher had  
audited the accounts of the commis-  
sion. Whether Lyman "slipped one  
over" on the Territorial auditors does  
not yet appear.

The system apparently worked out  
by Lyman was to have the check for  
the license fee made out to him, he  
telling the licensee that the license  
would follow later. Mr. Moir signed  
the licenses and supposed that they  
had been turned over to those award-  
ed the licenses by the Commission.  
After the meeting Mr. Moir said:  
"What I intend to do is to employ  
someone at my own private expense  
to go over the whole thing. Fisher  
told me everything was all right,  
while the Territory was responsible  
for the funds."

Expert Field began to "smell a  
rat" when it became impossible for  
him to secure the license book show-  
ing the stubs for the liquor licenses  
issued. He got the cash book all  
right and found it O. K. by County  
Auditor Maguire. But Maguire's  
O. K. it seems, meant only that the  
total in the cash book tallied exactly  
with the total of the money that had  
been turned over to the County  
Treasurer. There and apparently  
being no comparison of vouchers to  
check up the transactions in full de-  
tail. When Field attempted to probe  
deeper and make a proper audit he  
found himself leaded off in almost  
every direction.

The County Supervisors did not  
think much of Field's work and so  
expressed themselves in a resolution.  
Deputy County Clerk Lyman is a  
brother of Supervisor Lyman.  
Lyman promised to bring the li-

cense stub book, but found one ex-  
cuse after another for not keeping  
the promise, until finally he "tick-  
tick" and could not be in hand. Field  
thereupon did some detective work  
on his own account and was assist-  
ed by Editor Kinney of the Hilo  
Tribune and License Inspector Fetter.  
In a comparatively few hours after  
he got started, Field got what he  
went after, and no one in Hilo of any  
consequence now questions that all  
the money paid Field was a mighty  
good investment.

The claim in Hilo is, that Rufus  
Lyman, although holding a subordi-  
nate position in the County Clerk's  
office, has been a general "pooh-bah"  
of the county. If Hilo had a boss  
Lyman was it. How lax was the ad-  
ministration of the County or Liquor  
License Commission affairs is evi-  
denced by the possibility of pulling  
off a proposition so raw as that which  
Lyman's appears to be on the sur-  
face. The check was cashed and the  
licensee presumably "stood off" on the  
delivery of his license. The wonder  
is that the scheme could be carried  
along for even a month without be-  
ing found out.

The attitude of the Hawaii Board  
of Supervisors will be watched with  
no little interest. That body up to  
Saturday afternoon had no use for  
Field. The members decided that  
he was a false alarm. This opinion  
they based on some figures and con-  
clusions he presented in his first pre-  
liminary report to the Board of  
Trade. At that time he gave opin-  
ions which the Supervisors claim  
were based on figures that were en-  
tirely erroneous. As one man put it:  
"Field took his figures from some  
pencilled memoranda of Auditor Ma-  
guire when the books were available.  
These memoranda were just rough  
figures and amounted to nothing, and  
as the completed books were avail-  
able, we decided that Field didn't  
know how or did not want to know."  
Field's position is that he had to  
"throw the outfit off their guard" in  
order to get at the root of things and  
find out whether there was any founda-  
tion for some of his suspicions.

The supplementary report of Mr.  
Field read at the Saturday meeting  
follows:

**Field Report on Liquor License Col-  
lections for County of Hawaii.**

In my supplementary report to the  
Board of Trade of Hilo, dated the  
26th of last July, on some of the  
phases of the present accounting  
methods of the County of Hawaii, I  
stated that the accounts of Rufus A.  
Lyman, the Secretary of the Board of  
License Commissioners, had not  
been audited by the County Auditor  
from July 1st, 1911, to the date of my  
report, although it was known that  
license fees, aggregating \$19,595.00,  
had been collected by that official  
for liquor licenses during that period.  
Maguire's O. K.

On August 7th, 1912—some eight  
days after my report was read—the  
County Auditor informed me that he  
had just audited these accounts and  
found them O. K., and that he had so  
certified on the cash record of the  
Board of License Commissioners.  
Upon questioning the County Audi-  
tor as to the manner in which he  
conducted the audit, I found  
that he had entirely neglected  
to compare the licenses issued, as  
per the stubs in the License Book,  
with the cash receipts, but simply  
had checked the totals of the cash  
receipts, as posted, to see that they  
agreed with the remittances by Ly-  
man to the County Treasurer; this  
procedure, for purposes of an audit,  
was next to useless.

On the same morning, I requested  
Rufus A. Lyman at his office in the  
county building to hand me his Li-  
cense Book so that I could verify the  
figures in his cash record; this he  
promised to do the following morn-  
ing. Lyman's cash record book to re-  
main in the safe of the County Audi-  
tor until that time. Lyman, however,  
did not come to his office that morn-  
ing, and furthermore, he had taken  
his cash record book away from the  
County Auditor's office the afternoon  
previously. As Lyman did not keep  
his promise to me to turn over the  
license books, I sent the Deputy Coun-  
ty Auditor to Lyman's home for the  
same; Lyman handed him the cash  
record only, but no license book. I  
then requested Captain Fetter, the  
liquor license inspector, to get from  
Lyman the record of the licenses is-  
sued. I was unsuccessful also in  
this, as Lyman informed Fetter that  
the licenses had not all been paid for,  
and he had not the license book.

**Field Blocked.**  
Being blocked in my investigation  
by Lyman, I then obtained through  
the courtesy of the Hilo "Tribune" a  
list of the licenses granted on May  
28th, 1912. In this and subsequent  
investigation I received assistance  
from Editor Kinney of the "Tribune."  
After checking this list with the  
names posted by Lyman in his cash  
record book, I found the names of the  
following licenses did not appear in  
his record, namely:

S. Kuritani, Honoumuli	\$ 500.00
Santos & Serrao, Wailea, Hilo	500.00
Second Class Hotel	
Y. Nishimoto, Hilo	\$ 521.00
Manuel Branco, Laupahoehoe	125.00
Frank Vierra, Waikamalo	
North Hilo	125.00
S. Ishikawa, Kimahu, North	
Hilo	125.00
M. Sugunaga, Holoaloe, North	
Hilo	125.00
H. Kubo, Henamoa, South	
Kona	125.00
Fourth Class License	

J. G. Serrao, Hilo ..... 2.50  
J. De Prates, North Kona .... 2.50  
Amounting in all to ..... \$2,151.00  
Another Call.

I then called on the third name on  
this list as above, and living in Hilo,  
Y. Nishimoto (Soper) to ascertain if  
he had paid his license fee to Lyman  
and received his license. He inform-  
ed me that he had not received his  
license. Lyman's excuse to him for  
the delay in doing so being that no  
one else had received their license.  
On July 5th, 1912, Nishimoto handed  
his check, No. 243, to Rufus A. Ly-  
man for \$521.00, being \$500 for his  
six months license fee from July 1st,  
1912 to December 31st, 1912, to-  
gether with \$21.00 for stamps. This  
check was as follows:

No. 243.  
Hilo Hawaii, July 5th, 1912.  
The First Bank of Hilo, Limited.  
Pay to the Order of R. A. Lyman  
\$521.00 Five Hundred and Twenty-one  
00/100 Dollars.

Y. NISHIMOTO (Soper).  
Lyman received the check from Ni-  
shimoto on the 5th of July, 1912. The  
same day he endorsed it and present-  
ed the check at the bank and received  
the cash for it. This is shown by the  
perforated cancellation on the check  
made by the bank. (Original check  
produced.) Lyman did not give Ni-  
shimoto a receipt for the money,  
claiming that the check was good  
enough for the purpose.

**No Entry Made.**  
No entry has been made by Lyman  
in the cash record book (also pro-  
duced) of the \$521 so collected, nor  
has this amount been turned over by  
him to the county treasurer.

**Lyman's Explanation.**

Captain Fetter, the liquor license in-  
spector, informed me that on July 7  
last he left Hilo for his periodical tour  
of inspection of the Island of Hawaii  
to see if all the licenses had been regu-  
larly renewed for the six months  
commencing July 1, 1912. He inform-  
ed me that he had stayed on this trip  
at Kau, three days; Kona, five days;  
Waimea, one day; Kohala, three days;  
back to Waimea for four days, thence  
to Honokaa for two days, but he was  
unable to find any of the renewals,  
and he returned to Hilo to report the  
same to Lyman, as secretary of the  
Board of License Commissioners. Ly-  
man informed Fetter in reply to his  
inquiries that the renewals had cross-  
ed him on his inspection trip, as he  
had just mailed them. Fetter now  
claims that all the licenses have not  
yet been issued.

**Audit Still Needed.**  
It can not be ascertained, without a  
detailed audit, the exact condition of  
the liquor license fund since July 1,  
1905, to date—that is, since the time  
the account was turned over by the  
Territory to the County of Hawaii:  
the Territorial audit was made up to  
June 30, 1911—notwithstanding the  
fact that the county auditor on Au-  
gust 7 last certified to the correctness  
of the financial transactions appear-  
ing in the record of the secretary of  
the Board of License Commissioners,  
by the so-called audit previously men-  
tioned.

**The System.**  
Here is one instance where Lyman  
received a check for \$521, in payment  
of a county license; has the check  
drawn to himself personally, which he  
cashes at the bank the same day.  
This was on July 5, 1912—more than  
a month ago. No license has been re-  
ceived by the party paying the fee, nor  
does the collection appear on the of-  
ficial record of the liquor license com-  
missioners, by their secretary.

**Lyman's Last Entry.**  
The last entry made by Lyman on  
the cash record book for receipt for  
license fees was July 15, 1912—ten  
days after he received and cashed the  
Nishimoto check—and the date of the  
posting of his last remittance to the  
county treasurer was July 31, 1912. So  
far as the other nine applicants for  
licenses are concerned, these people  
have not been communicated with to  
ascertain if their fees have been paid  
over to Lyman, or otherwise. The  
correctness of the entries prior to  
1912 for licenses issued, and remit-  
tances to the county treasurer by Ly-  
man, cannot be stated in this report,  
looking to the fact that no records  
have been obtainable up to this writ-  
ing to enable a check to be made.

In view of the specific transaction  
of Nishimoto, as above, as going to  
show the extremely loose methods in  
conducting audits of county funds by  
the county auditor, I still maintain, as  
stated in my supplementary report of  
the 26th of July last, that it is impos-  
sible to state, without a detailed audit,  
whether the accounts of the County  
of Hawaii fully and fairly disclose the  
position of its affairs, or in what re-  
spect they fail to do so. Respectfully  
submitted,  
H. GOODING FIELD, LL.B., F. A. A.  
(Eng.).

Fellow of the Central Association of  
Accountants, England; Member of  
the American Civic Association.

Hilo, T. H., August 10, 1912.  
Mr. H. Gooding Field, Hilo, T. H.  
Dear Sir:—In accordance with your  
request, I left Hilo on Thursday, Au-  
gust 9 last, to inspect the licenses re-  
newed on July 1, 1912, for the ensu-  
ing six months from that date, re-  
turning to Hilo yesterday afternoon.

In the above connection, I beg to  
report the following conditions, name-  
ly:

- (1) S. Kuritani, Honoumuli, \$500 li-  
cense fee. (Saw receipt for this  
amount from Lyman, dated in June,  
1912. No license received to date.)
- (2) Frank Vierra, Waikamalo, \$125  
license fee. (Same conditions as No.  
1 above.)
- (3) E. W. Barnard, Laupahoehoe,  
\$500 license fee. (Same conditions as  
No. 1 above.)
- (4) Manuel Branco, Laupahoehoe,

(Continued on page twelve)



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Fellow I've Been ..... W. van Brun

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Price \$2.50  
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Youth), by Herman Jadowaker  
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tive), by Herman Jadowaker  
Price \$2.50  
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Minor (Piano Solo played by the  
Pachman) ..... Price \$1.50  
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De Pachmann) ..... Price \$1.50  
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Rita Forina) ..... Price \$1.50  
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